UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Inquiry Concerning Postal Service   Docket No. PI2017-1
City Carrier Costs

CHAIRMAN'S INFORMATION REQUEST NO. 5

(Issued March 2, 2018)

To further assist the Commission in its inquiry concerning the Postal Service's response to Order No. 2792,[1] its responses to Chairman's Information Requests,[2] and its status report on the top-down equation,[3] the Postal Service is requested to provide written responses to the following questions and requests for information. The responses should be provided as soon as possible, but no later than March 23, 2018.

1.   In its Response to CHIR No. 4, the Postal Service states that the Time and Attendance Collection System (TACS) "is the repository for workhours clocked in by City carriers, clerks and supervisors" and that the Sunday Delivery Reporting website summarizes these data for Sundays and Holidays. Response to CHIR No. 4, question 2. The following questions pertain to two sources of Sunday workhour data, Docket No. RM2017-9[4] and Docket No. ACR2016.[5]

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[1] Docket No. RM2015-7, Response of the United States Postal Service to Commission Order No. 2792, February 16, 2016 (Response to Order No. 2792).

[2] Responses of the United States Postal Service to Questions 1-7 of Chairman's Information Request No. 1, June 30, 2017 (Response to CHIR No. 1); Responses of the United States Postal Service to Questions 1-10 of Chairman's Information Request No. 2, July 25, 2017 (Response to CHIR No. 2); Responses of the United States Postal Service to Questions 1-20 of Chairman's Information Request No. 4, November 28, 2017 (Response to CHIR No. 4).

[3] Notice of the United States Postal Service Regarding Status Report on Top-Down Carrier Street Time Equation, August 18, 2017, PDF file "Status.Report.Top.Down.Model.pdf."

[4] Docket No. RM2017-9, Library Reference USPS-RM2017-9/1, folder "Input_Files," quarterly text files "TACSCAG…," August 9, 2017.

a. Please explain the reasons for differences between the FY 2016 city carrier special purpose route (SPR) Sunday TACS workhours contained in Docket No. RM2017-9 and the Sunday city carrier workhours contained in Docket No. ACR2016.

b. Please explain the reasons for differences between the FY 2016 city carrier supervisor Sunday TACS workhours contained in Docket No. RM2017-9 and the Sunday supervisor hours contained in Docket No. ACR2016.

c. Please describe the city carrier clocking practices and activities for workhours clocked to Labor Distribution Code (LDC) 23 -- "OTHER CITY DELIVERY" and LDC 27 -- "COLLECTIONS." In the response, please also explain:

   i. how clocking practices and activities for LDCs 23 and 27 differ from, or are similar to, clocking practices and activities for workhours clocked to LDC 24 -- "DELIVERY INITIATIVES;" and

   ii. the reason(s) for the large increase in LDC 24 workhours and the large decrease in LDC 23 hours between FY 2016 and FY 2017.[6]

2. In Docket No. RM2017-9, the Postal Service provided a table mapping its operation numbers to LDCs 23 and 24.[7] The table shows that four operation numbers map to LDC 24. Two are labeled as Sunday-specific operation numbers: "Sunday Parcel – Street" and "Sunday Parcel – Office," while two

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[5] Docket No. ACR2016, Library Reference USPS-FY16-NP27, folder "Ground," December 29, 2017.

[6] *See* Docket No. ACR2017, Responses of the United States Postal Service to Questions 1-19 of Chairman's Information Request No. 2, question 3, Excel file "ChIR.2.Q.3.LDC.Workhours – FY17.xlsx," tab "3 National Workhour Report," rows 47 and 48, columns D and E, January 17, 2018.

[7] Docket No. RM2017-9, Responses of the United States Postal Service to Questions 1-15, 19-20, and 23 of Chairman's Information Request No. 1, August 9, 2017, question 1.

others are not ("Customized Delivery – Street" and "Customized Delivery –
Office"). *Id.* Please discuss whether workhours from these latter two operation
numbers will be included in the Postal Service's updated SPR cost model.[8]

3. In its Response to CHIR No. 1, the Postal Service states that it eliminated
volumes delivered on Sundays and holidays from its dataset "because letter
routes do not operate on those days." Response to CHIR No. 1, question 1.

    a. Please confirm that the In-Office Cost System (IOCS) allocates some
costs associated with city carrier Sunday readings to the letter route cost
pool and to "Route 99-Training Route," rather than to the SPR cost pool.[9]
If confirmed, please discuss the IOCS methodology for these costs, in light
of the above-referenced statement that "letter routes do not operate on
those days."

    b. In Docket No. RM2017-9, Sunday-clocked city carrier training (LDC 92)
and letter route (LDCs 21, 22, 26, 28, 29) workhours were grouped with
the non-Sunday letter route workhours to develop the TACS-adjusted
IOCS-estimated city carrier letter route cost pool.[10] Please explain the
reason(s) for grouping these Sunday-clocked city carrier workhours with
the non-Sunday letter route workhours, in light of the above-referenced
statement that "letter routes do not operate on those days."

4. In November of 2017, the Postal Service stated that it had "been making
progress" in estimating single-equation, top-down equations for LDCs 23 and 27.
Response to CHIR No. 4, question 6. At that time, the Postal Service stated that
"accomplishing these tasks [would] require approximately six months" if "no

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[8] The Postal Service identified two LDCs workhours for updating the SPR cost model. Response
to CHIR No. 4, question 6.

[9] *See* Docket No. ACR2017, Library Reference USPS-FY17-37, folder "Data," SAS file
"prcpub17.sas7bdat," December 29, 2017.

[10] Commission analysis of Docket No. RM2017-9, Library Reference USPS-RM2017-9/1, folder
"Input_Files," quarterly text files "TACSCAG…," and folder "SASPrograms," program "ALB104."

snags [were] encountered throughout the research process." *Id.* Please provide an up-to-date progress report on this research, including any recent findings and any schedule updates.

5.   In its Response to CHIR No. 4, the Postal Service states that "SPR carriers who collect mail clock to LDC 27 primarily, though not exclusively, and some collection occurs while clocked to LDC 23." Response to CHIR No. 4, question 11. Please describe under what circumstances and for what activities SPR carriers who collect mail clock to LDC 23 and under what circumstances and for what activities carriers who collect mail clock to LDC 27. In the response, please also distinguish the clocking procedures for collection mail captured from: (1) customer receptacles, (2) collection points, and (3) containerized mail from businesses.[11]

6.   In Docket No. RM2015-7, the Postal Service stated that "TACS can be used to form separate cost pools for LDC 23 and LDC 27, but these operational data do not provide any further detail on the times required to perform the different specific activities performed by city SPR carriers." Response to Order No. 2792 at 17. The Postal Service also stated that it could use TACS data to estimate "single-equation, 'top-down' equations for each of the two LDCs." *Id.*

   a.   Please confirm whether the Postal Service uses the Enterprise Analytics Dynamic Routing Tool (EA-DRT) for non-Sunday city carrier SPR deliveries clocked to LDC 23.[12]

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[11] Response to CHIR No. 4, question 7 states that "collection mail was captured separately from three sources 1) customer receptacles, 2) collection points, and 3) containerized mail from businesses."

[12] The Postal Service states that this EA-DRT "uses a routing algorithm to develop routes to be used for delivering the Sunday and Holiday pieces and calculates route miles." Response to CHIR No. 4, question 2. The EA-DRT analyzes various addresses, works with the Address Management System and "orders them into a route that has the minimum number of miles and for which the carrier will need minimum time to deliver packages." *See* United States Postal Service Office of Inspector General *Readiness for Package Growth-Delivery Operations*, Management Advisory Report, Report Number DR-MA-14-001, December 11, 2013, at 4.

b.   If confirmed, please discuss whether SPR street time proportions for LDC 23, such as drive, stop, and travel time, could be developed or updated. If they cannot, please discuss the reasons why not.

c.   Please discuss how the Postal Service intends to use the workhours of the carriers who collect mail and clock to both LDC 23 and LDC 27 to create two distinct cost pools and top-down equations.

7.   In its Response to CHIR No. 4, the Postal Service states that "the draft procedures for capturing collection volume have the potential to provide meaningful information that could be used to develop a carrier street time model. However, the material cost of capturing this information is a legitimate concern that could impede or prevent its implementation."[13] Please discuss whether the Postal Service has attempted to extrapolate a sample of delivery days' collection volumes or apply weights to those volumes in order to estimate daily volume data at a reduced cost. If the Postal Service has not evaluated this possibility, please explain why not and discuss whether this approach is feasible.

8.   Based on the number of routes sampled in the City Carrier Cost System (CCCS), please estimate the percentage (or number) of the FY 2017 city carrier routes (or route-days) that have collection volumes. In the response, please estimate the percentage of those city carrier routes or city carrier route-days with collection volume that have daily collection volumes.

9.   The Postal Service estimates the daily cost of using Mobile Delivery Devices (MDDs) to measure the collection volumes of 140,000 city letter routes at nearly $508,000. Response to CHIR No. 4, question 7. The Postal Service has found

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[13] Response to CHIR No. 4, question 7. The Postal Service states that "[u]sing an estimate of four minutes of carrier time per route day and the FY 2016 City Carrier average wage rate of $40.90, the estimated direct cost per route day is $2.73. Adding indirect costs increases the daily cost to $3.63. Extrapolating this cost to 140,000 city letter routes results in a daily cost estimate of nearly $508,000." *Id.*

that a small number of delivery points on business and mixed routes generate the highest collection volumes.[14]

a. Please provide the total number of FY 2017 city carrier business routes (excluding business foot routes).[15] Please indicate what proportion of the total city carrier routes this number represents.[16]

b. Please provide the FY 2017 total number of city carrier mixed routes (excluding mixed foot routes).[17] Please indicate what proportion of the total city carrier routes this number represents.[18]

10. The Postal Service states that MDDs would capture parcel collection volume "through data obtained by Package Pickup, rather than the carrier entering separate piece counts for collected parcels, as was done during the [City Carrier Collection Mail Volume and Source Study] CCCMVSS." Response to CHIR No. 4, question 7.

a. Please confirm that in the CCCS, "Carrier Pickup" and "Package Pickup" parcel collection volumes are the same quantity.[19] If not confirmed, please explain.

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[14] *See* Docket No. RM2015-7, Library Reference USPS-RM2015-7/1, folder "Letter_Route_Report," PDF file "City Carrier Street Time Study Report.pdf," December 11, 2014, at 38.

[15] High collection volumes were not on foot routes. *Id.*

[16] FY 2017 estimated business motorized routes city carrier street time cost is approximately 1 percent of total city carrier letter route street time cost. *See* Docket No. ACR2017, Library Reference USPS-FY17-32, Excel file "CS06&7-Public-FY17.xlsx," tab "Input IOCS," cell G11. The sum of row 11 in this same file and tab is the estimated total letter route street time cost.

[17] High collection volumes were not on foot routes. *Id.*

[18] FY 2017 estimated mixed curb and mixed residential routes combined city carrier street time cost is approximately 5.9 percent of the total city carrier letter route street time cost. *See* Docket No. ACR2017, Library Reference USPS-FY17-32, Excel file "CS06&7-Public-FY17.xlsx," tab "Input IOCS," cells L11, M11. The sum of row 11 in this file and tab is the estimated total letter route street time cost.

[19] *See* Docket No. ACR2017, Library Reference USPS-FY17-34, Excel file "FY2017_Collection_Final_Public.xlsx," column G, December 29, 2017.

b.   Please specify the data source(s) and methodology for obtaining parcel collection volumes via "Package Pickup." Please include all applicable documentation with the response.

c.   The CCCS estimates that the FY 2017 approximate total collection volumes are 73.8 million for "Carrier Pickup," 174.1 million for "Customer Outgoing Parcels," and 14.7 million for "Blue Box Parcels."[20] Please provide the FY 2017 collection volumes for "Package Pickup" and explain any differences from the CCCS estimated collection volumes listed.

11.   In Library Reference USPS-PI2017-1/3, file "ACTIVE_ROUTE.html," there are the following types of delivery routes: city route, rural route, box route, highway contract route, and general delivery route.[21] Please describe how these route types are distinguished from each other.

12.   Please provide an un-redacted version of the United States Postal Service Office of Inspector General, Package Delivery Scanning-Nationwide, Audit Report.[22]

13.   In its Response to CHIR No. 4, the Postal Service states that it performed the Bruesch-Pagan test "for the full top-down model based upon both July and September data" and the results confirmed "the presence of heteroscedasticity." Response to CHIR No. 4, question 17.

a.   Please provide the SAS output for the performed Bruesch-Pagan test.

b.   Please indicate whether the Postal Service tested the model for ZIP Code-specific heteroscedasticity using either the Bruesch-Pagan test or White

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[20] *See* Docket No. ACR2017, Library Reference USPS-FY17-34, Excel file "FY2017_Collection_Final_Public.xlsx," columns D, F, G, "Customer Outgoing Parcels, "Blue Box Parcels," and "Carrier Pickup," respectively, " December 29, 2017.

[21] Library Reference USPS-PI2017-1/3, November 28, 2017.

[22] United States Postal Service Office of Inspector General, Package Delivery Scanning – Nationwide, Audit Report Number, DR-AR-18-001, October 27, 2017.

test. If so, please provide the SAS output for the performed test(s). If not please explain why not.

14. In its Response to CHIR No. 4, the Postal Service discusses the advantages of translog and quadratic functional forms for estimating street time variabilities. Response to CHIR No. 4, question 19. Please clarify whether, for the top-down equation, the Postal Service tested any functional forms other than the two referenced above.

15. In its Response to CHIR No. 4, the Postal Service states that "[e]xpanding the data sets to include additional months would cause the resource cost of constructing the SAS datasets to rise proportionally." Response to CHIR No. 4, question 14. The Postal Service also identifies the different types of analytical and econometric activities required to estimate a top-down equation.

   a. For each activity listed in the table below, please estimate the time and cost required to perform it for a data set that includes data for one month and the current set of 300 ZIP Codes.

   b. For each activity listed in the table below, please indicate whether the associated time and cost would increase proportionally to the number of additional months and ZIP Codes. If the anticipated increase is not proportional, please estimate the rate of increase.

   c. Please provide specific estimates of time and resources costs that the Postal Service believes would be required to assemble and analyze data including the same variables as the July 2016 dataset provided in Library Reference USPS-PI2017-1/2 and covering:

      i.   the same 300 ZIP Codes sampled over a six-month period;

      ii. the same 300 ZIP Codes sampled over a full calendar year;

      iii. 600 ZIP Codes sampled over a six-month period; and

iv.   600 ZIP Codes sampled over a full calendar year.

Type of Analytical work	Time		Cost	
	Proportional or Not	Rate of Increase (if applicable)	Proportional or Not	Rate of Increase (if applicable)
Downloading data from operating data systems				
Combining the raw data into usable input data set				
Analysis of data for anomalies or data errors				
Estimating the Top-Down Equation				
Investigating multiple econometric issues				
Other (please specify)				

By the Chairman.

Robert G. Taub